

## Message Text

CONFIDENTIAL

PAGE 01 MILAN 00937 01 OF 02 161853Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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R 161630Z APR 76

FM AMCONSUL MILAN

TO AMEMBASSY ROME

INFO SECSTATE WASHDC 4676

C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0937

E.O. 11652: GDS

TAGS: PFOR, PINR, PINT, IT

SUBJECT: CABLE FROM MANTOVA

REF 75 MILAN A-61

1. SUMMARY. MANTOVA, AGRICULTURAL PROVINCE WITH RESPECTABLE INDUSTRIAL BASE AND IN HANDS OF PCI-PSI COALITION, WILL PROBABLY STAY TO LEFT IN EVENT OF NATIONAL ELECTIONS. OFF BEATEN TRACK AND WITH STABLE POPULATION, PROVINCE HAS NOT BEEN HARD HIT BY ILLS THAT PLAGUE OTHER PARTS OF COUNTRY. BUT TRADITIONAL FRIENDS OF US SEEM MORE WORRIED HERE THAN IN SIMILARLY SITUATED PROVINCES LIKE CREMONA AND TRENTO. DC, SPLIT INTO TWO FACTIONS, SUFFERED SEVEN PERCENTAGE POINT DROP IN VOTE IN JUNE 1975. ALTHOUGH MOST SOURCES DISCOUNT FURTHER SLIDE IN POSSIBLE EARLY ELECTIONS, NEITHER DO THEY FORESEE ADVANCE. SOCIALISTS, CRITICIZED AS UNRELIABLE AND LACKING PURPOSE, SAY THEY ARE HAPPIER IN PROVINCIAL AND CITY COUNCILS WITH PCI THAN THEY WERE WITH DC, THOUGH THEY REPEAT NATIONAL PSI FORMULA THAT DC IS ACCEPTABLE COALITION PARTNER AT ROME LEVEL IF IT CHANGES WAYS. PCI, WHICH HAS BEEN IN POWER BEFORE IN MANTOVA (UNTIL 1962), CLAIMS TO HAVE TAKEN NEW INITIATIVES AT CITY LEVEL TO SOLVE PROBLEMS PREVIOUS COUNCIL FOUND INTRACTABLE, A CONTENTION SCOFFED AT BY DC HEAD AND OTHERS. IN SUM, NATIONAL LEVEL DIVISIONS AND TROUBLES SEEM TO WEIGH

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PAGE 02 MILAN 00937 01 OF 02 161853Z

HEAVILY ON MINDS OF LOCAL LEADERS AT WHAT THEY DESCRIBE AS

CRITICAL JUNCTURE. END SUMMARY.

2. EXECUTIVE OFFICER AND LOCAL ECONOMIC SPECIALIST VISITED MANTOVA APRIL 14, CALLING ON BISHOP, PREFECT, DEPUTY MAYOR (PCI, UNEXPECTEDLY SUBSTITUTING FOR ABSENT PSI MAYOR), DC AND PSI PROVINCIAL SECRETARIES, LOCAL NEWSPAPER EDITOR, COMPANY MANAGING DIRECTOR, AND BANK, COMMERCIAL, AND INDUSTRIAL REPRESENTATIVES.

3. MANTOVA PROVINCE OF 370,000, IS DISTINGUISHED BY ITS SOCIALIST AND LAY TRADITIONS. AT END OF WAR, CITY HAD HEAVY SOCIALIST PLURALITY (40 PERCENT) ENOUGH TO KEEP PSI-PCI RULING MAJORITY IN CITY UNTIL AS LATE AS 1962. CHURCH'S POLITICAL INFLUENCE TODAY SAID BY LOCAL EDITOR TO BE ZERO. FACT, THEREFORE, THAT JUNE 1975 ELECTIONS INSTALLED LEFTIST MAJORITIES AS BOTH PROVINCE AND CITY LEVELS NOT GREAT DEPARTURE FROM PAST. DIFFERENCE TODAY, AS ELSEWHERE IN ITALY, IS THAT PSI NOW WEAK SISTER TO PCI, MANTOVA'S PLURALITY PARTY (REFTEL).

4. NOT THAT PCI HAS RIDDEN IN ON WAVE OF ECONOMIC DISCONTENT. MANTOVA, IN FACT, HAS BEEN WEATHERING PRESENT CRISIS BETTER THAN MOST. UNEMPLOYMENT IS NOT BIG PROBLEM, WITH ONLY 800 JOBLESS IN CAPITAL, AND 3500 PROVINCE-WIDE. LABOR-MANAGEMENT RELATIONS AID TO BE GOOD, EVEN AMONG TEN LARGE (OVER 1000 EMPLOYEES) COMPANIES (OUT OF 737) THAT EMPLOY A THIRD OF WORKERS IN MANUFACTURING SECTOR. INDUSTRIAL CAPACITY UTILIZATION AVERAGES MORE-THAN-RESPECTABLE 80 PERCENT. SEVERAL OF PROVINCE'S LARGEST FIRMS DOING WELL. BELELLI, FOR EXAMPLE, WITH 1200 EMPLOYEES IN MANTOVA (AND 3,000 IN TARANTO) HAS STRONG EXPORT ORDERS FOR ITS BOILERS AND RELATED EQUIPMENT AND IS HIRING. EXPORTS AS WHOLE WENT UP 36 PERCENT IN 1975. RISING PRICES BENEFITED AGRICULTURAL SECTOR; PRODUCTION OF SWINE, MORE OF WHICH BRED IN MANTOVA THAN ANY OTHER PROVINCE, WENT UP 25 PERCENT IN 1975. EVEN LABOR SITUATION RELATIVELY GOOD. NOT ONLY SOCIALISTS BUT OTHER INCLUDING INDUSTRIALIST RODOLFO BELELLI COMMENTED THAT UNION AND MANAGEMENT GENERALLY MANAGE TO SOLVE THEIR PROBLEMS WITHOUT UNDUE FRICTION.

5. PROBLEMS INCLUDE NON-FAMILIAR TIGHT CREDIT, DEPRESSED CONSTRUCTION INDUSTRY (DOWN, HOWEVER, ONLY 12 PERCENT IN 1975),  
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PAGE 03 MILAN 00937 01 OF 02 161853Z

AND HIGH PRODUCTION COSTS.

6. PREVIOUS DC MALADMINISTRATION, RATHER THAN POOR ECONOMIC PICTURE, IS PROBABLY AT LEAST ONE REASON FOR PRESENT PCI PLURALITY, BUTTRESSED OF COURSE BY SLICK PCI ADVERTISING. COMMUNISTS AND SOCIALISTS CLAIM TO HAVE INHERITED MESS--RATHER DAMAGING ADMISSION FOR PSI, ALSO PART OF PREVIOUS MAJORITY--AND TO BE MAKING CHANGES. DEPUTY MAYOR, WHO SAID CITY'S MAIN

PROBLEMS ARE PROVIDING HOUSING, CARING FOR AGED, AND STIMULATING BUSINESS, DESCRIBED MUNICIPAL PROPERTY (ACQUISITION) AS EXAMPLE OF NEW INITIATIVE BY PRESENT GOVERNMENT TO EASE CITY'S ILLS.

IN EFFORT TO ALLOW FOR EXPANSION OF SMALL BUSINESSES COOPED UP IN HISTORIC CITY CENTER, CITY IS EXERCISING EMINENT DOMAIN OVER FARMALND ON CITY PERIPHERY WHICH IT WILL SELL TO BUSINESSMEN AT FARM RATHER THAN COMMERCIAL PRICES-- SAVING OF AS MUCH AS 90 PERCENT. SO FAR, SAID DEPUTY MAYOR, 30 FIRMS HAVE APPLIED TO TAKE ADVANTAGE OF PROGRAM. THEIR EXPANSION WILL CREATE ABOUT 100 NEW JOBS, MAKING NOTABLE DENT IN UNEMPLOYED. THOSE EXPROPRIATED, HE SAID, HAVE NOT COMPLAINED ABOUT DECISION, THOUGH PRICE SUBJECT OF ARGUMENT. ANOTHER INITIATIVE HAS BEEN SUBSIDIZING OF APARTMENT CONSTRUCTION BY OWNERS WHO AGREE TO ASK LIMITED RENTS. OFFICIAL STRESSED THAT ITALIAN LAW, LIKE AMERICAN, HAS LONG PROVIDED FOR EXPROPRIATION BY STATE WHEN IN PUBLIC GOOD. WITH REGARD TO COMPENSATION, HE SAID THAT DISPOSSESSED OWNERS SHOULD NOT TAKE LOSSES BUT NEITHER SHOULD THEY BE ALLOWED TO PROFIT.

7. PCI CRITICS IN MANTOVA SCOFFED AT PARTY'S CLAIM TO HAVE MADE INNOVATIONS. EDITOR SAID EXPROPRIATIONS WERE STARTED UNDER PREVIOUS GOVERNING MAJORITY. DC PROVINCIAL SECRETARY ADMITTED PCI-PSI NOT COMPLETEDLY IDLE, BUT DENIED PCI-INITIATED PROGRAMS CONSTITUTED ANYTHING STARTLING AND ACCUSED THEM OF LIVING OFF PREVIOUS DC INITIATIVES. "WE WOULD HAVE DONE MUCH MORE IN SAME TIME PERIOD." BISHOP HAS BEEN BISHOP SINCE 1952 THOUGH NOT ALWAYS IN MANTOVA, WAS STERNER. HE ACCUSED PCI-DOMINATED CITY GOVERNMENT OF BEHAVING IN TOTALITARIAN MANNER, ESPECIALLY WITH REGARD TO ADMINISTRATION OF SCHOOLS AND CHARITABLE INSTITUTIONS WHICH CHURCH WISHES TO KEEP AS ITS OWN DOMAINM

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PAGE 04 MILAN 00937 01 OF 02 161853Z

8. MANTOVA DC, IS SPLIT. PROVINCIAL SECRETARY - ABOUT 40, HARDLINING, AND ARTICULATE - DESCRIBED HIS OWN FACTION AS "CENTRIST" AND OPPOSING ONE AS "LEFT". HE SAID, THOUGH, THAT THESE LABELS REFLECT NATIONAL-LEVEL PREFERENCES (E.G. FORLANI V. ZACCAGNINI) RATHER THAN DIFFERENCES ON LOCAL ISSUES. ON DC PROSPECTS, SECRETARY WAS PESSIMISTIC, SAYING PARTY HAS LOST CONFIDENCE OF POEPL AND SHOULD GO INTO OPPOSITION. NEW ROLE WOULD BE GOOD FO DC. INDUSTRIALIST BELELLI SAID MANTOVA DC HAS HONEST LEADERS BUT TIMES ARE AGAINST PARTY. BISHOP CALLED DC INCOMPETENT AND SAID LEADERS AMKE NO ATTEMPT TO THWART PCI INITIATIVES IN LOCAL COUNCILS. EDITOR SAID DC PROVINCE SECRETARY RIGID AND CLOSE-MINDED.

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PAGE 01 MILAN 00937 02 OF 02 161923Z

43

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C O N F I D E N T I A L SECTION 2 OF 2 MILAN 0937

9. MANTOVA SOCIALISTS ARE UNIMPRESSIVE. PRESENT PROVINCIAL SECRETARY AND PREDECESSOR CONTENTED DUBIOUSLY THAT PARTY CAN PUSH THROUGH MORE OF OWN INITIATIVES WITH PCI THAN IT COULD WITH DC. ON NATIONAL LEVEL, SOCIALISTS WOULD GO BACK WITH DC ON CONDITION THAT RELATIONSHIP CHANGES DRASTICALLY. AS FOR PCI, PSI REPS SAID THEY HAD NO RESERVATION AT ALL ABOUT ITS DEVOTION TO PLURALISM, ADDING THAT PSI'S PRESENCE IN LEFTIST COALITION WOULD BE FURTHER GUARANTEE OF ITS DEMOCRATIC CHARACTER AND CITING PSI DEVOTION TO WEST AS UNQUESTIONABLE. OTHERS IN TOWN HAD LITTLE GOOD TO SAY ABOUT MANTOVA'S SOCIALISTS. DC LEADER SAID THEY WERE NOT SERIOUS PARTY AND EDITOR INCLUDED NO SOCIALISTS AMONG HANDFUL OF LOCAL MAN OF ABILITY HE ENUMERATED.

10. PREDICTIONS ON DISTRIBUTION OF LOCAL VOTE IN EVENT OF EARLY ELECTIONS VARIED. PCI DEPUTY MAYOR SAID LEFT WOULD MAKE FURTHER GAINS OVER 1975 AND THAT LEFTIST INCREASE IN MANTOVA WOULD EXCEED THAT NATIONALLY, JUST AS HAPPENED YEAR AGO WHEN MANTOVA LEFT GAINED 7 POINTS VERSUS 5 NATIONALLY. DC LEADERS SAID MANTOVE LEFT WOULD KEEP GAINS BUT NOT IMPROVE ON THEM. EDITOR SAID DC WOULD STAY WHERE IT WAS, EXPLAINING THAT WHAT PARTY LOST TO LEFT IT WOULD GAIN ON RIGHT. PREFECT SAID HE FEARED EVEN FURTHER SHIFT TO LEFT LOCALLY, AND HOPED IT WOULD GO RATHER TO PSI THAN TO COMMUNISTS.

11. DESPITE CALM LOCAL SITUATION, THERE WAS MORE HAND-  
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PAGE 02 MILAN 00937 02 OF 02 161923Z

WRINGING AND PESSIMISM AMONG OUR FRIENDS IN MANTOVA THAN IN OTHER  
SIMILARLY SITUATED PROVINCES EXECUTIVE OFFICER HAS VISITED.  
PREFECT WAS DEPRESSED BY GENERALLY BAD NEWS ON NATIONAL SCENE  
AND EXPECTED MORE. DC PROVINCAL SECRETARY WAS DISAPPOINTED AT  
HIS OWN PARTY'S FINANCIAL MANEUVERS AND EVEN MORE AT  
ITS SHIFT TWARD LEFT. HE WOULD HAVE PARTY MAKE STAND ON PRINCIPLE  
AGAINST COMMUNISTS, GOING IMMEDIATELY INTO OPPOSITION RATHER  
THAN COOPERATING WITH THEM. BISHOP LAMENTED AMERICAN LOSS OF  
INFLUENCE WITH PUBLIC, URGED US TO GET OURSELVES NEWSPAPER HERE  
TO HELP REDRESS SITUATION. HE SAID HE HOPED LOCAL PEOPLE  
WOULD REACT AGAINST "TOTALITARIAN" PCI-PSI ADMINISTRATION,  
BUT ADMITTED NO SIGNS YET OF SUCH REATION. INDUSTRIALIST  
BELELLI, INSISTED THAT CRITICAL NATURE OF THIS  
JUNCTURE FOR ITALY CAN HARDLY BE EXAGGEREATED. IF ITALY GOES  
COMMUNIST, FRANCE IS NEXT, THEN SPAIN, AND SO ON. BELELLI  
CRITICIZED US POLICY TOWARD RUSSIA AS TOO LENIENT AND TRUS-  
ING. "THEY'RE ALWAYS GOING BEHIND YOUR BACKS."FINA

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